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May 27, 2015

The Honorable Toni Preckwinkle, President
And Board of Cook County Commissioners
118 N. Clark Street, Room 537
Chicago, Illinois 60602

Dear President Preckwinkle and Board of Commissioners:

We have conducted an audit of the Department of Transportation and Highways (DOTH) Sale of Permits. We conducted our audit in accordance with the Cook County Auditor Ordinance.

Our objectives for this examination were to evaluate the policies and procedures and internal controls pertaining to the sale of permits process. The scope of our work consisted of verifying all required supporting documentation and approvals.

Please refer to the following audit report for the results of the audit. The audit report contains one audit finding. The Executive Summary provides an overview of the audit.

We express our appreciation for the assistance the department staff extended to Ms. Afaf Qayyum during the course of our audit. We have discussed our finding with the Department and would be pleased to discuss our recommendations in greater detail in order to assist with their implementation of our recommendations.

Respectfully Submitted,

Shelly Banks

Shelly A. Banks, CPA
Cook County Auditor

cc: Mr. John Yonan P.E., Superintendent, Department of Transportation and Highways

COOK COUNTY GOVERNMENT

OFFICE OF THE COUNTY AUDITOR

Department of Transportation and Highways Sale of Permits

Internal Audit Report

Report Date:
May 2015

Issued By:
Shelly A. Banks, County Auditor

Audit Conducted By:
Afaf Qayyum, Field Auditor IV
William Carroll, Audit Supervisor

EXECUTIVE SUMMARY

We have examined the records of the Department of Transportation and Highways (DOTH) Haul and Construction Permits process for the fiscal years ended November 30, 2014 and 2013 respectively.

Our objectives for this examination were to evaluate the policies and procedures and internal controls pertaining to the sale of permits process. The scope of our work consisted of verifying all required supporting documentation and approvals.

We noted the following finding in regards to the internal control structure:

- Permits Division does not reconcile the Permit Databases to DOR's iNovah system.

The finding noted was presented to the DOTH. Please refer to the Finding Section for more detail on the finding with the management response, corrective action plan and estimated completion date.

BACKGROUND

The DOTH Permit Division is responsible for regulating the use of County public ways for the construction, maintenance, and operation of facilities including but not limited to public utility, pipeline, and curb cuts; and providing recovery of costs incurred for permitting, inspecting, licensing, monitoring, and regulating the use of the public ways (Ordinance 07-O-33 Sec. 66-51). Also, the Permit Division issues permits to overweight and oversize vehicles that travel on County Highways in order to regulate that the owners and operators of these vehicles contribute to the care and maintenance of the roads they utilize and be responsible for damage to the roads caused by their vehicles (Ordinance 07-O-34).

The DOTH Permit Division receives, reviews, and approves all permit requests, as well as inspects the projects prior to and after permit issuance. Based on the Ordinance, the division classifies permits into two categories: Construction Permits and Haul Permits. Construction Permits includes a range of projects which are divided into three subcategories: Hold Harmless, Utility, and Construction. The second category is the Haul Permit. Article IV of the Ordinance defines overweight and oversized vehicles and outlines in detail the fee structure. As of July 18, 2014, the application process has been converted to an online system which has accelerated the process of issuing a permit.

AUDIT SCOPE AND OBJECTIVES

Our audit was designed to evaluate the policies and procedures and internal controls pertaining to the sale of permits in order to reach a conclusion on our audit objectives. Specific objectives were to:

- Determine that policies and procedures are in place to ensure uniformity in evaluating permit applications for completeness and proper approval.
- Determine that the correct amount is charged for each permit application based upon the proposed project according to fee schedules outlined in the Ordinance.
- Determine that the Department of Revenue (DOR) credits revenue to the proper account and the DOTH reconciles the ledger amount to documented application fees.
- Determine that all applications are processed in a timely manner.

AUDIT RESULTS

During the audit review, controls noted below were not in place to audit. When DOTH was presented with the draft findings on the control deficiencies, they took immediate action to address the issues and implemented the following control improvements:

- Obtained the bond and insurance information that was missing from the files for annual license holders, and developed a policy to require that this information be maintained for future applicants.
- Developed written policies and procedures manuals detailing the steps necessary and specifying the documents required to process construction and haul permit applications. The manuals have been posted in the DOTH share drive to be accessible by all staff members.
- Developed a policy providing guidance for determining the monetary penalty to assign to a permit violation citation.

Due to the action taken, findings were removed for these areas.

FINDING

Finding #1:

DOTH does not perform a reconciliation between the Department of Revenue's iNovah system and the Permit Databases (Construction and Haul). Three check payments totaling $300 recorded in iNovah during October 2014 were not included in the Construction Access Database.

Recommendation

We recommend that DOTH perform a monthly reconciliation for each system, both the Haul Database and Construction Database, to iNovah to ensure all payments are accurate and properly credited to the corresponding applicant.

Management Response

The DOTH Permits Division lost the manpower that originally performed a monthly reconciliation. The Division is working on getting additional manpower to meet the monthly reconciliation requirement.

Estimated Completion Date

6 months to 1 year